

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

**UNITED STATES OF AMERICA,**

**Plaintiff,**

**CRIMINAL NO. 12-20142**

**-vs-**

**HONORABLE DENISE PAGE HOOD**

**JUMANNE SLEDGE,**

**Defendant.**

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**GOVERNMENT SENTENCING MEMORANDUM**

NOW COMES Plaintiff United States of America, by and through Barbara McQuade, United States Attorney, and J. Michael Buckley, Assistant United States Attorney, both for the Eastern District of Michigan, Southern Division, who submit the following Sentencing Memorandum:

**I. PROCEDURAL HISTORY**

Defendant Jummane Sledge was charged in an indictment with one count of unlawful conversion of school district funds (commonly referred to as “program fraud”) in violation of 18 U.S.C. § 666 and one count of money laundering in violation of 18 U.S.C. § 1956. The indictment also contained a count of criminal forfeiture pursuant to 18 U.S.C. § 981 and 28 U.S.C. § 2461, to recover \$236,000.00 in illegal proceeds.

On October 9, 2012, Sledge pled guilty to the program fraud count pursuant to the terms of a Rule 11 plea agreement. In return for Sledge's guilty plea to the program fraud count, the United States promised in the plea agreement to move to dismiss the money laundering count at the time of sentencing.

The criminal forfeiture count has become moot as Sledge did not contest an FBI administrative forfeiture of Sledge's seized Jaguar automobile and \$34,000.00 seized from one of Sledge's bank accounts. The Honorable Denise Page Hood, United States District Judge, has scheduled Sledge's sentencing for March 12, 2013.

## **II. FACTS**

Had this matter proceeded to trial, the Government was prepared to prove that: At all pertinent times, the Pontiac Public Schools was a governmental agency funded by taxpayer dollars. Further, that in 2009-2010, the district was struggling financially, went into deficit, underwent downsizing as a result and was forced to file a deficit elimination plan with the State of Michigan.

That at all pertinent times, including February, 2010, Defendant Dr. Jumanne Sledge, PhD., was employed as the Associate Superintendent for Organizational Development and Human Resources for the Pontiac Public Schools, as well as the Pontiac Public Schools Chief Financial Officer (or "CFO"). Further, that during any pertinent twelve-month period, the Pontiac Public Schools received over \$10,000.00

under any federal program involving a grant, contract subsidy, loan guarantee or other assistance.

That on or about February 2, 2010, Sledge approached a subordinate, the accounting manager for the Pontiac Public Schools (“Subordinate #1”), and directed her to issue to Sledge a check payable to the “International Leadership Academy” in the amount of \$236,000.00. Subordinate #1 was suspicious concerning Sledge’s directive, as it represented a deviation from the district’s established policies in that Subordinate #1 was not presented with a purchase order or an invoice, and because the “International Leadership Academy” was not an approved district vendor. For these reasons, Subordinate #1 refused Sledge’s directive.

After Subordinate #1 denied Sledge’s directive, Sledge then approached Subordinate #1's assistant (“Subordinate #2”) and directed Subordinate #2 to issue to Sledge a check payable to the “International Leadership Academy” in the amount of \$236,000.00. Because Sledge was the CFO, and Subordinate #2's boss, Subordinate #2 issued the \$236,000.00 check payable to the “International Leadership Academy” to Sledge. The International Leadership Academy is an entity controlled exclusively by Defendant Sledge.

At the time Subordinate #2 issued the check, Sledge failed to provide her with an invoice, in violation of district policy. Sledge assured Subordinate #2 that he

would provide her with an invoice the same day the check was issued, but Sledge failed to do so. Shortly after issuing the check to Sledge, Subordinate #2 self-reported to her immediate supervisor, Subordinate #1.

Subordinate #1, as accounting supervisor, became concerned because a district check in the amount of \$236,000.00 had been issued to a non-approved vendor, absent any invoice or purchase order, and the district books needed to be closed for the month. Subordinate #1 conveyed to Sledge that an invoice for the amount of the check needed to be submitted.

Shortly thereafter, Sledge submitted a fraudulent invoice to Subordinate #1. The invoice Sledge submitted not only fraudulently represented that the \$236,000.00 was a legitimate amount of debt, but was also fabricated to represent that the \$236,000.00 was to pay for a joint venture between the International Leadership Academy and approved district vendor First Services, Inc., a busing service. Sledge told Subordinate #1 that the invoice represented services rendered as a result of the joint venture between the International Leadership Academy and First Services. In point of fact, no such joint venture ever existed.

The submitted invoice was a forgery, featuring the logos of both the International Leadership Academy and First Services. The forged, fraudulent invoice

described the services rendered as a restructuring of bus routes for Pontiac schools. Said services were never provided to the district.

On February 2, 2010, the same day the \$236,000.00 district check was issued to Sledge, Sledge personally endorsed the check and deposited it into the Leadership Academy bank account, controlled exclusively by Sledge. None of the \$236,000.00 was ever paid to First Services, Inc.

After depositing the \$236,000.00 into his Leadership Academy bank account, Sledge used some of the money to pay approximately \$30,000.00 in Sledge's personal expenses, including a trip to Las Vegas, purchases of expensive clothing, and other personal items.

On April 21, 2010, Sledge moved \$200,000.00 of the illegal proceeds to two other, newly opened, credit union accounts. On April 21, 2010, Sledge withdrew \$200,000.00 from his Leadership Academy bank account by issuing a check in that amount and then deposited \$195,000.00 of the funds in his newly-opened credit union checking account, and the remaining \$5,000.00 in his newly-opened savings account at that same credit union.

An analysis of Sledge's credit union accounts revealed that Sledge used the funds to pay for his high-end lifestyle, paying for multiple vacations, the purchase of high-end electronics, furniture, and the \$11,000.00 down payment on the lease of a

Mercedes Benz sport utility vehicle. Sledge also used \$15,000.00 of the illegal proceeds to purchase a 2002 Jaguar convertible automobile.

The Rule 11 plea agreement provides a Sentencing Guidelines range calculation of 24-30 months with an agreed cap of 27 months. The United States will be seeking a sentence of 27 months imprisonment. The United States will also request full restitution, with a set-off of \$52,000.00, representing the seized \$34,000.00, plus \$18,000.00, the appraised value of the seized Jaguar automobile. Total restitution requested will therefore be in the amount of \$184,000.00, payable to the Pontiac Public Schools.

### **III. DISCUSSION**

#### **1.) Defendant Sledge's Sentencing Guidelines Range Calls for 24-30 Months Imprisonment.**

Generally speaking, the standard of proof on Sentencing Guidelines issues at sentencing is by a preponderance of the evidence. *United States v. Carroll*, 893 F.2d 1502 (6th Cir. 1990). The Sixth Circuit has held that the preponderance standard on factual findings at sentencing governs post-*Booker*<sup>1</sup>. *United States v. Cook*, 453 F.3d 775 (6th Cir. 2006).

At sentencing hearings, the Federal Rules of Evidence do not apply. FRE

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<sup>1</sup> *United States v. Booker*, 543 U.S. 220 (2005).

1101(d)(3). The Confrontation Clause does not apply either, and so hearsay is admissible at sentencing hearings, provided it bears some minimum indicia of reliability. *United States v. Silverman*, 976 F.2d 1502 (6th Cir. 1992).

***Sledge's Total Offense Level is 17.***

Defendant Sledge defrauded the Pontiac Public Schools System out of \$236,000.00. United States Sentencing Guideline Section 2B1.1(a)(2) specifies a Base Offense Level of 6, plus a 12-level enhancement for fraud involving more than \$200,000.00 but less than \$400,000.00, for an offense level 18.

The Guidelines Commentary and Application Notes are instructive: the general rule is that "...loss is the greater of actual or intended loss." Section 2B1.1, n.3(A). "Loss shall be reduced by the money returned <sup>2</sup>, and the fair market value of the... services rendered by the defendant..." *Id.*, n.3(e). The Application Note also states:

The court need only make a reasonable estimate of the loss.  
**The sentencing judge is in a unique position to assess the evidence and estimated the loss base upon that evidence.** For this reason, the court's loss determination is entitled to appropriate deference.

Section 2B1.1, Application Note 3(C). (Citations omitted; Emphasis added).

Two levels are added because of Sledge's position with Pontiac Schools at the time of the crime, U.S.S.G. §2B1.1(b)(9)(a), with a resulting offense level 20, less 3

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<sup>2</sup> It is undisputed that Sledge has never offered to return to Pontiac Schools any of the \$236,000 that he obtained by virtue of his fraudulent scheme.

levels for early acceptance of responsibility, for a total offense level 17, criminal history category I (24-30 months). The Government has promised in the Rule 11 Plea Agreement that it will not seek a sentence in excess of 27 months.

## **2. The 18 U.S.C. § 3553(a) Factors Warrant a Substantial Sentence.**

The Supreme Court has made the Sentencing Guidelines advisory in nature, and has held that a sentencing court is duty-bound to first calculate the Guidelines range, and then consider the Guidelines range along with the factors set forth in 18 U.S.C. § 3553(a) to fashion a sentence sufficient, but not greater than necessary, to comply with the stated objectives of sentencing. *United States v. Booker*, 543 U.S. 220 (2005).

The factors set forth in Section 3553(a) include, *inter alia*:

- (1) the nature and circumstances of the offense and the history and characteristics of the defendant;
- (2) the need for the sentence imposed –
  - (A) to reflect the seriousness of the offense, to promote respect for the law, and to provide just punishment for the offense;
  - (B) to afford adequate deterrence to criminal conduct;
  - (C) to protect the public from further crimes of the defendant; and....

18 U.S.C. § 3553(a).



Analysis of the 3553(a) factors warrants a substantial sentence for Sledge, the sole architect of a blatant money grab of \$236,000.00 in taxpayer money from a struggling public school district...a school district that, in 2009-2010, was struggling financially, went into deficit, underwent downsizing as a result and was forced to file a deficit elimination plan with the State of Michigan.

The offense was especially serious, in light of the fact that Sledge obtained these taxpayer dollars intended to provide the schoolchildren of Pontiac with an education. A significant sentence is warranted in this case to promote respect for the law and to provide just punishment for a very serious offense. (Section 3553(a)(2)(A)).

The Sledge case was followed closely here in Detroit by many in the criminal justice system. This case was also closely watched by concerned taxpayers. Congress enacted 18 U.S.C. § 666 to “protect the integrity of the vast sums of money distributed through Federal programs from theft, fraud, and undue influence by bribery.” S. Rep. No. 98-225, p. 370 (1983). A substantial sentence for Sledge, who wrongfully took \$236,000.00 from an embattled public school district, is warranted in this case to deter others. (Section 3553(a)(2)(B)).

Defendant Sledge’s crime of greed was all the more egregious considering his awareness, as district CFO, of the financial plight at Pontiac Schools. Given

the financial difficulties at Pontiac, Defendant Sledge's theft of taxpayer dollars intended to provide Pontiac schoolchildren with an education is especially reprehensible.

Hence, the Section 3553(a) factors, as well as the Sentencing Guidelines, warrant a substantial sentence for Jumanne Sledge, including incarceration and an order of full restitution to the Pontiac Schools System.

### **3. Restitution**

As discussed above regarding the appropriate Guidelines offense level, the amount of actual loss is \$236,000.00. The United States will request full restitution, with a set-off of \$52,000.00, representing the seized \$34,000.00, plus \$18,000.00, the appraised value of the seized Jaguar automobile. Total restitution requested will therefore be in the amount of \$184,000.00, payable to the Pontiac Public Schools.

### **IV. CONCLUSION**

WHEREFORE, for all of the reasons discussed above, the United States respectfully requests this Court to impose a sentence of 27 months imprisonment upon Defendant Jumanne Sledge, and an order of restitution to Pontiac Public Schools.

Respectfully submitted,

BARBARA L. McQUADE  
United States Attorney

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Dated: February 27, 2013

**CERTIFICATE OF SERVICE**

I hereby certify that on February 27, 2013, I electronically filed the foregoing document with the Clerk of the Court using the ECF system, which will send notification of such filing to the following:

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Dated: February 27, 2013